

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Sanitary Landfill, enterprise fund of Wexford	County Wexford
Audit Date 12/31/05	Opinion Date 5/12/06	Date Accountant Report Submitted to State: 6/28/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson, Tackman & Co., PLC			
Street Address 16978 S. Riley Avenue	City Kincheloe	State MI	ZIP 49788
Accountant Signature <i>Anderson Tackman & Co PLC</i>		Date 6/28/06	

**COUNTY OF WEXFORD, MICHIGAN
DEPARTMENT OF PUBLIC WORKS,
SANITARY LANDFILL
(an enterprise fund of the County of Wexford, Michigan)**

Financial Report

December 31, 2005

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Public Works
Wexford County
Cadillac, Michigan

We have audited the accompanying financial statements of the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan as of and for the year ended December 31, 2005, as listed in the Table of Contents. These financial statements are the responsibility of the County of Wexford, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only an enterprise fund and do not purport to, and do not, present fairly the financial position of the County of Wexford, Michigan as of December 31, 2005, and the changes in financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan as of December 31, 2005, and the changes in financial position and its cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Public Works
Wexford County

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2006 on our consideration of the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The County has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

Anderson, Tackman & Company, PLC
Certified Public Accountants

May 12, 2006

Financial Statements

County of Wexford, Michigan
Sanitary Landfill

Statement of Net Assets
December 31, 2005

Assets

Current assets:

Cash and cash equivalents (Note 2)	\$ 3,580,048
Investments (Note 2)	3,831,435
Accounts receivable	<u>167,788</u>
Total current assets	<u>7,579,271</u>

Noncurrent assets:

Restricted assets (Note 3):

Cash	280,000
Investments	1,193,445
Capital assets – Net (Note 4)	<u>6,825,283</u>

Total Noncurrent assets 8,298,728

Total assets \$ 15,877,999

Liabilities

Current liabilities:

Accounts payable	1,176,898
Accrued payroll and other liabilities	5,963
Current portion of capital leases (Note 8)	<u>106,963</u>

Total current liabilities 1,289,824

Noncurrent liabilities:

Capital leases – Net of current portion (Note 8)	352,090
Estimated liability for landfill closure and postclosure costs (Note 3)	<u>8,158,387</u>

Total Noncurrent liabilities 8,510,477

Total liabilities 9,800,301

Net Assets

Invested in capital assets – Net of related debt	6,366,230
Unrestricted	<u>(288,532)</u>
Total net assets	<u>\$ 6,077,698</u>

County of Wexford, Michigan

Sanitary Landfill

Statement of Revenues, Expenses, and Changes in Net Assets Year Ended December 31, 2005

Operating Revenues

Charges for Services	\$ 2,108,093
Other Revenue	9,990
Total Operating Revenues	<u>2,118,083</u>

Operating Expenses

Salaries and Wages	278,330
Employee Fringe Benefits	115,321
Office Supplies	11,217
Operating Supplies	67,936
Legal and Professional Fees	4,865
Leachate Treatment	470,283
Laboratory Services	131,090
Engineering Service	191,827
Utilities	17,477
Travel Expenses	17
Repairs and Maintenance	59,694
Repairs and Maintenance - Site	1,145,928
Groundwater Remediation	193,241
Waste Management Fees	53,535
Landfill Closure and Postclosure costs	2,492,246
Work Program Services	18,125
Township Fee	42,517
Miscellaneous Expense	2,085
Small Tools and Equipment	15,919
Total Operating Expenses	<u>5,311,653</u>

Operating Loss Before Depreciation Expense (3,193,570)

Depreciation Expense 343,887

Operating Income (Loss) (3,537,457)

Nonoperating Revenues (Expense)

Interest Earnings	288,982
Interest Expense	(20,310)
Unrealized Gain (Loss) on Investments	(5,545)
Transfers (Out)	(630,536)
Total Nonoperating Revenues (Expense)	<u>(367,409)</u>

Changes in Net Assets (3,904,866)

Net Assets - January 1, 2005 9,828,554

Prior Period Adjustment 154,010

Net Assets - January 1, 2005 - Restated 9,982,564

Net Assets - December 31, 2005 \$ 6,077,698

County of Wexford, Michigan
Sanitary Landfill

Statement of Cash Flows
Year Ended December 31, 2005

Cash Flows from Operating Activities:

Receipts from customers	\$ 2,078,101
Payments to suppliers	(1,531,331)
Payments to employees	<u>(393,877)</u>
Net cash provided by operating activities	<u>152,893</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of capital assets	(3,715,525)
Principal and interest from capital leases	(123,337)
Other capital activities	<u>154,010</u>
Net cash used in capital and related financing activities	<u>(3,684,852)</u>

Cash Flows from Noncapital and Related Financing Activities:

Operating transfers out	<u>(630,536)</u>
Net cash used in noncapital and related financing activities	<u>(630,536)</u>

Cash Flows from Investing Activities:

Interest received on investments	288,982
Unrealized loss on investments	(5,545)
Net change in investments	<u>1,952,564</u>
Net cash provided by investing activities	<u>2,236,001</u>

Net Decrease in Cash (1,926,494)

Cash – January 1, 2005 5,786,542

Cash – December 31, 2005 \$ 3,860,048

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Operating loss	\$ (3,537,457)
Adjustments to reconcile operating income to net cash from operating activities:	
Noncash expenses:	
Depreciation expense	343,887
Changes in assets and liabilities:	
Accounts receivable	(39,982)
Accounts payable	894,425
Accrued and other liabilities	(226)
Estimated liability for landfill closure and post closure costs	<u>2,492,246</u>
Net cash provided by operating activities	<u>\$ 152,893</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Wexford, Michigan (the County) established the Sanitary Landfill (the Landfill) to provide waste collection within the County under the administration of the County of Wexford, Michigan. The Sanitary Landfill Fund (the Fund), an Enterprise Fund, separately accounts for the Sanitary Landfill, as is required by the County of Wexford, Michigan. The following is a summary of the more significant accounting policies followed in the preparation of the Fund's financial statements. These policies conform to accounting principles generally accepted in the United States of America.

Reporting Entity

In accordance with the criteria established by the Governmental Accounting Standards Board, the Sanitary Landfill, is considered an enterprise fund of the County of Wexford, Michigan for financial accounting and reporting purposes. These criteria include: the extent of oversight responsibility, selection of governing authority, designation of management, the ability of the County to significantly influence operations, the accountability for fiscal matters including the level of County financing and/or moral or legal responsibility for long-term debt. Therefore, the financial statements of the Sanitary Landfill fund of the County of Wexford, Michigan is presented in the financial statements as an enterprise fund, which is an integral part of the financial reporting oversight unit of the County of Wexford, Michigan.

The Fund operates, maintains, and accounts for the County's sanitary landfill.

Basis of Accounting

The accrual basis of accounting is used by the Fund. The Fund follows all pronouncements of the Governmental Accounting Standards Board and those of the Financial Accounting Standards Board issued prior to November 30, 1989. The Fund has elected not to follow private sector standards used after November 30, 1989.

Cash Equivalents

For the purpose of the statement of cash flows, the enterprise fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. In addition, the statement of cash flows includes restricted and unrestricted cash and cash equivalents.

Investments

Investments are recorded at fair value, based on quoted market prices.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories held by the Fund are not considered material and are not shown in these financial statements.

Receivables

All trade receivables are shown without an allowance for uncollectible accounts because they are not significant.

Capital Assets

All capital assets are recorded at cost or, if donated, at their estimated fair value on the date donated. The assets of the Fund consist of equipment items used to run the Fund. Depreciation on such capital assets is charged as an expense against operations on a straight-line basis.

Compensated Absences (Vacation and Sick Leave)

It is the County's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of the sick pay, depending on department, and all vacation pay is eligible to be paid out when employees separate from service with the County. The sick and vacation pay that is eligible to be paid out when employees separate from service with the County is accrued in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits and investments of the Fund are classified on the balance sheet as follows:

Cash	\$ 3,580,048
Investments	3,831,435
Restricted assets (Note 3)	<u>1,473,445</u>
Total	<u>\$ 8,884,928</u>

The above amounts are classified by the Governmental Accounting Standards Board Statement No. 40 in the following categories:

	Balance Sheet Classification			Total
	Cash	Investments	Restricted Assets	
Deposits (checking accounts and certificates of deposit)	\$ 3,580,048	\$ -	\$ 280,000	\$ 3,860,048
Investments	<u>-</u>	<u>3,831,435</u>	<u>1,193,445</u>	<u>5,024,880</u>
Total	<u>\$ 3,580,048</u>	<u>\$ 3,831,435</u>	<u>\$ 1,473,445</u>	<u>\$ 8,884,928</u>

Michigan Compiled Laws, Section 129.91, authorizes local units of government to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchased; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Included in the County's investments at the balance sheet date are approximately \$931,699 of obligations of the Federal National Mortgage Association, \$198,296 of obligations of the Government National Mortgage Association, and approximately \$2,158,221 of obligations of the Federal Home Loan Bank. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

	Fair Value	Less Than 1	1 – 5	6 – 10	More Than 10
Investments:					
U.S. Treasury	\$ 2,564,395	\$ 1,823,068	\$ 741,327	\$ -	\$ -
Money Market	1,736,664	1,736,664	-	-	-
Asset Backed Securities	723,821	723,821	-	-	-
Total Investments	\$ 5,024,880	\$ 4,283,553	\$ 741,327	\$ -	\$ -

Investment and Deposit Risk

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

Custodial credit risk. Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$5,024,880 investments, all are in the name of the County.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, the County's bank balance was exposed to credit risk because it was uninsured and uncollateralized.

FAIR VALUE OF INVESTMENT ACTIVITY

Security	Stated Value	Fair Value 12/31/04	Purchase (Sale)	Fair Value 12/31/05
Fed. Homeloan, int. 2%, due 07/21/08	\$ 250,000	\$ 248,595	\$ -	\$ 245,703
Fed. Nat. Mtg., int. 2.8%, due 11/13/06	850,000	843,362	-	836,187
Fed. Nat. Mtg., int. 5.5%, due 06/25/30	450,000	158,317	-	95,511
Fed. Homeloan, int. 5%, due 04/15/18	1,500,000	697,640	-	430,014
Govt. Nat. Mtg., int. 4.5%, due 04/16/27	200,000	200,988	-	198,296
Fed. Homeloan, int. 2.25%, due 07/28/06	1,000,000	986,250	-	986,880
Fed. Homeloan, int. 3.375% due 12/28/07	500,000	-	500,000	495,625

NOTE 3 - RESTRICTED ASSETS

The Fund's restricted assets are comprised of the following:

Cash restricted for landfill bonding	\$ 280,000
Investments restricted for perpetual care	<u>1,193,445</u>
Total restricted assets	<u>\$ 1,473,445</u>

The investments restricted for landfill bonding consist of an irrevocable letter of credit to the Michigan Department of Natural Resources in the amount of \$280,000 for the bonding of the Wexford County Sanitary Landfill. Certificates of deposit in the amount of \$280,000 were pledged and assigned to Citizens Bank as security for any draws on the letter of credit. The annual fee for the letter of credit is 1 percent.

The investments restricted for perpetual care consist of funds set aside for closure, monitoring, and maintenance of the landfill and for response activity necessitated by potential contamination discharge from the landfill.

The operator of the landfill is required to designate a custodian of the fund and deposit amounts into the fund based on the volume and the type of material disposed of in the landfill. The custodian is not to disburse any amount of the fund to the operator of the landfill without the approval of the director of the Department of Natural Resources.

Thirty years after the closure of the landfill, 50 percent of any money in the Perpetual Care Fund may be returned to the operator.

To comply with this act, the landfill contracted with the director of the Department of Natural Resources to establish a perpetual care fund with JP Morgan as the designated custodian. The landfill had begun to make the required deposits into a separate savings account until the contract with the Department of Natural Resources is completed. The perpetual care fund's balance at December 31, 2005 was \$1,193,445.

Landfill – Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,158,387 reported as landfill closure and postclosure care liability at December 31, 2005 represents the cumulative amount reported to date based on the use of approximately 72 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure of approximately \$3,185,113 as the remaining estimated capacity is filled. The estimated remaining life of landfill based on current consumption of cells in use is 6 years.

County of Wexford, Michigan
Sanitary Landfill

Notes to Financial Statements
December 31, 2005

NOTE 3 - RESTRICTED ASSETS (Continued)

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County expects that future costs, including inflation and changes in technology or applicable laws and regulations, will be paid in cash and investments maintained in the Sanitary Landfill Enterprise Fund as well as charges to future landfill users.

NOTE 4 - CAPITAL ASSETS

The capital assets of the Fund are composed of the following:

	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005	Estimated Depreciable Life – Years
Capital assets not being depreciated:					
Land	\$ 97,806	\$ -	\$ -	\$ 97,806	-
Construction in progress	-	3,580,195	-	3,580,195	-
Subtotal	97,806	3,580,195	-	3,678,001	
Capital assets being depreciated:					
Building and improvements	321,357	135,330	-	456,687	7-40
Site improvements	3,506,012	-	-	3,506,012	4-40
Vehicles	387,844	-	-	387,844	5-7
Machinery and equipment	985,921	-	-	985,921	5-10
Office furniture and fixtures	60,079	-	-	60,079	5-10
Subtotal	5,261,213	135,330	-	5,396,543	
Accumulated depreciation:					
Building and improvements	(22,536)	(14,720)	-	(37,256)	
Site improvements	(1,068,723)	(96,475)	-	(1,165,198)	
Vehicles	(282,794)	(52,520)	-	(335,314)	
Machinery and equipment	(490,933)	(173,779)	-	(664,712)	
Office furniture and fixtures	(40,388)	(6,393)	-	(46,781)	
Subtotal	(1,905,374)	(343,887)	-	(2,249,261)	
Net capital assets being depreciated	\$ 3,355,839	\$ (208,557)	\$ -	\$ 3,147,282	
Total net capital assets	\$ 3,453,645	\$ 3,371,638	\$ -	\$ 6,825,283	

NOTE 5 - POST EMPLOYMENT BENEFITS

The County provides health care benefits to all full-time employees upon retirement. The cost associated with this benefit is charged to the County's self-insurance fund when incurred. Currently, one retiree is eligible. The County includes pre-Medicare retirees and their dependents in its insured health care plan. The County charges the retirees a monthly fee to participate. During the year ended December 31, 2005, the County collected approximately \$702 from retirees.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

The County's employees who operate the Fund are covered by a defined benefit pension plan. Complete information about the plan can be found in the County's basic financial statements. The County is required to contribute yearly a percentage of each eligible employee's salary as determined by MERS annually. The percentage for the year ended December 31, 2005 was 9.38%. Annual pension expense allocated to the Fund amounted to approximately \$21,560 for the year ended December 31, 2005.

NOTE 7 - RISK MANAGEMENT

The Fund is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The Fund participated in the County's risk management program. The County has purchased commercial insurance for worker's compensation and medical benefit claims, and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general liability.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Michigan Municipal Risk Management Authority that the Michigan Municipal Risk Management Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Detailed information concerning estimates of liability for claims is provided in the County's basic financial statements.

NOTE 8 - CAPITAL LEASE COMMITMENTS

The Sanitary Landfill entered into lease obligations for equipment as listed below:

2006	\$ 123,337
2007	123,337
2008	<u>242,446</u>
Total minimum lease payments	489,120
Less amount representing interest	<u>(30,067)</u>
Present value of minimum lease payments	<u>\$ 459,053</u>
% Interest	4%
Payment	\$2,374 to \$4,669.

NOTE 9 - SUBSEQUENT EVENTS

The County awarded bids to M&M Excavating to complete earthwork for cell G in the amount of \$1,587,543. Also, the County approved a contract with Clean Air and Water Systems for material installation portion of cell G in the amount of \$544,839.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS

Net assets in the Landfill fund were restated due to a prior period adjustment of \$135,330 for capitalization of capital assets and an \$18,680 adjustment for 2003 accounts payable.

Report on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Public Works
Wexford County
Cadillac, Michigan

We have audited the financial statements of the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon dated May 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Public Works
Wexford County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sanitary Landfill, enterprise fund of the County of Wexford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

May 12, 2006